

EXHIBIT 1

INTRODUCTION

Respondent George E. Williams, the City Treasurer of Auburn and a former member of the Auburn City Council, was, at all relevant times, an unsuccessful candidate for the Placer County Board of Supervisors in the March 7, 2000 primary election. Respondent Williams for Supervisor (the “Committee”) was a committee controlled by Respondent Williams. Respondent Gloria F. Cavenue was treasurer of Respondent Committee.

The Political Reform Act (the “Act”)¹ requires candidates and their controlled committees to file periodic campaign statements, disclosing the contributions that they receive and the expenditures that they make. In this matter, Respondents failed to report required contributor information regarding 28 contributions of \$100 or more, totaling \$7,754 on two pre-election campaign statements.

For purposes of this stipulation, Respondents’ violation of the Act is stated as follows:

COUNT 1: Respondent George E. Williams, Williams for Supervisor, and Gloria F. Cavenue failed to properly report contributor information regarding 20 contributions of \$100 or more on a first pre-election campaign statement, for the reporting period January 1, 2000 through January 22, 2000, that was filed on or about January 27, 2000, in violation of section 84211, subdivision (f).

COUNT 2: Respondent George E. Williams, Williams for Supervisor, and Gloria F. Cavenue failed to properly report contributor information regarding eight contributions of \$100 or more on a second pre-election campaign statement, for the reporting period January 23, 2000 through February 19, 2000, that was filed on or about February 24, 2000, in violation of section 84211, subdivision (f).

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that receipts and expenditures in election campaigns are fully and truthfully disclosed, so that voters may be fully informed, and improper practices may be inhibited. The Act therefore establishes a campaign reporting system designed to accomplish this purpose of disclosure.

Section 82013, subdivision (a) defines a “committee” as any person or combination of persons who directly or indirectly receives contributions totaling \$1,000 or more in a calendar year. This type of committee is commonly referred to as a “recipient” committee. Under section

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

82016, subdivision (a), a recipient committee that is controlled directly or indirectly by a candidate is a “controlled committee.” Section 84200, subdivision (a) requires a candidate and his or her controlled committee to file two semi-annual campaign statements each year. The first semi-annual campaign statement covers the reporting period January 1 to June 30, and must be filed by July 31. The second semi-annual campaign statement covers the reporting period July 1 to December 31, and must be filed by January 31 of the following year.

Section 84200.5, subdivision (e) further requires a candidate and his or her controlled committees to file two pre-election campaign statements before an election in which the candidate appears on the ballot. For elections held at a time other than June or November of an even-numbered year, section 84200.8 requires that the first pre-election statement for the reporting period ending 45 days before the election be filed no later than 40 days before the election, and that the second pre-election statement for the reporting period ending 17 days before the election be filed no later than 12 days before the election.

On each campaign statement filed by a candidate and his or her controlled committee, section 84211, subdivision (f) requires that they must report the following information about any person who has contributed \$100 or more to the committee, and has made a contribution to the committee during the reporting period covered by the statement: (1) the contributor’s full name; (2) the contributor’s street address; (3) the contributor’s occupation; (4) the name of the contributor’s employer, or if self-employed, the name of the contributor’s business; (5) the date and amount of each contribution received from the contributor during the reporting period; and (6) the cumulative amount of contributions received from the contributor.

Section 84100 provides that every committee shall have a treasurer, and that no expenditure shall be made by or on behalf of a committee without the authorization of the treasurer or that of his or her designated agents. Further, section 84100 provides that no contribution or expenditure shall be accepted or made by or on behalf of a committee at a time when there is a vacancy in the office of treasurer. Pursuant to sections 83116.5 and 91006, a committee’s treasurer may be held jointly and severally liable, along with the committee, for any violation committed by the committee.

SUMMARY OF THE FACTS

Respondent Williams was an unsuccessful candidate for the Placer County Board of Supervisors in the March 7, 2000 primary election, and is currently the treasurer for the City of Auburn. Respondent Williams previously served as a member of the Auburn City Council from 1997 to 2001. Respondent Committee was the controlled committee of Respondent Williams. Respondent Cavenee was treasurer of Respondent Committee.

The investigation of this matter arose as a result of an audit conducted by the California Franchise Tax Board (the “FTB”). Respondents received \$63,360 in contributions, and made \$83,824 in expenditures in connection with the March 7, 2000 primary election.

COUNT 1

Failure to Itemize Contributor Information on First Pre-election Campaign Statement

On January 27, 2000, Respondents filed a first pre-election campaign statement disclosing contributions received and expenditures made during the reporting period January 1, 2000 to January 22, 2000. During that reporting period, Respondents received 23 contributions of \$100 or more, totaling \$5,125. However, Respondents failed to report required information for 20 of the 23 contributions, totaling \$4,575. For each contribution not properly reported on the first pre-election campaign statement, the following table reflects the date the contribution was received, the source of the contribution, and the amount of the contribution:

Receipt Date	Name of Contributor	Amount
01/12/00	David W. Calfee	250
01/12/00	Donald L. MacGregor	250
01/17/00	Auburn Self Storage	200
01/17/00	Christine Rodriquez	125
01/17/00	Claudia A. Buford	200
01/17/00	Dave G. McGuire	200
01/17/00	Gabriel Mendez	500
01/17/00	Jeanette McDermott	150
01/17/00	MKC Enterprises	500
01/17/00	Sierra Engineering Services	100
01/21/00	Auburn Vista, LLC	1,000
01/21/00	Betty C. Cowper	100
01/21/00	Brocker's Beauty's	100
01/21/00	Donald J. McMannis	100
01/21/00	Doug Cagle Builder Developer	100
01/21/00	Driftwood Village/Ray S. Thompson	200
01/21/00	George L. Fee	100
01/21/00	Old Republic Title Company	200
01/21/00	Smith Virgil	100
01/21/00	Wakefield Landscape Management	100
Total		\$4,575

By failing to report required contributor information regarding 20 contributions of \$100 or more, Respondents violated section 84211, subdivision (f).

COUNT 2

Failure to Itemize Contributor Information on Second Pre-election Campaign Statement

On February 24, 2000, Respondents filed a second pre-election campaign statement, for the reporting period January 23, 2000 to February 19, 2000. During the second pre-election reporting period, Respondents received 13 contributions of \$100 or more, totaling \$4,579. However, Respondents failed to report required information for eight of the 13 contributions,

totaling \$3,179. For each contribution not properly reported on the second pre-election campaign statement, the following table reflects the date the contribution was received, the source of the contribution, and the amount of the contribution:

Receipt Date	Name of Contributor	Amount
02/01/00	Helen Garside	395
02/01/00	Shyrel Gaskey	198
02/16/00	Suzanne A. Blaney	100
02/18/00	Martin Harmon	296
02/18/00	Committee for Home Ownership	500
02/18/00	Diamond Creek Partners	1,000
02/18/00	Donald L. MacGregor	190
02/18/00	The Des Jardins Group	500
Total		\$3,179

By failing to report required contributor information regarding eight contributions of \$100 or more, Respondents violated section 84211, subdivision (f).

CONCLUSION

This matter consists of two counts of violating the campaign reporting provisions of the Act, which carry a maximum administrative penalty of Four Thousand Dollars (\$4,000).

For violations occurring prior to January 1, 2001, the typical administrative penalty for failing to itemize contributions ranges from \$1,000 to \$2,000 per count, depending upon the circumstances of the violation. In this matter, as Respondents failed to itemize a relatively small number of contributions, imposition of an administrative penalty of \$1,000 per violation is appropriate for Counts 1 and 2.

Accordingly, the facts of this case justify imposition of a total administrative penalty of Two Thousand Dollars (\$2,000).